

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: April 18, 2002

SUBJECT: Fiscal Impact Statement: "District of Columbia Street Furniture Act of 2002"

REFERENCE: Draft Legislation - No Resolution Number Available

Conclusion

All franchise fees generated from this agreement would be deposited into the District of Columbia Highway Trust Fund. Funds are sufficient in the FY 2002 through FY 2004 budget and financial plan to approve this Act, however the FY 2005 budget and financial plan would need to account for reduced revenues into the General Fund when the current bus shelter franchise agreement expires and this Act diverts the bus shelter franchise money into the Highway Trust Fund. In FY 2005, bus shelters would be subsumed into the proposed street furniture franchise agreement. When this occurs, the \$1.5 million in annual franchise fees generated from the existing bus shelter contract and deposited in the District of Columbia's local General Fund will cease and any new franchise fees generated from bus shelters in FY 2005 would be deposited into the Highway Trust Fund. **The revenue generated from this Act and deposited into the Highway Trust Fund from FY 2002 through 2005 cannot be estimated until a franchisee is selected and a contract is signed.**

Background

The proposed legislation authorizes the Department of Transportation to enter into a franchise agreement for the fabrication, construction, installation, operation, repair and maintenance of all street furniture at no cost to the District of Columbia. Street furniture covered under this contract may include self cleaning automatic toilets, information kiosks, newspaper vending boxes, news stands, benches, bicycle racks, and after October 4, 2004, bus shelters. The pre-existing furniture not used by the new vendor would be removed at the vendor's cost and replaced with new furniture from the vendor. Placement of advertisements on no more than 90% of the street furniture would pay for the furniture's placement and upkeep. The staff that currently oversees the existing bus shelter contract would absorb the franchise contract management duties.

The franchise agreement will determine the number, type and location of street furniture in each neighborhood, as well as the amount of the franchise fee paid to the District for allowing placement of advertisements in public space. In order to implement needed capital improvements to streets, highways and bridges in the District, the Department of Transportation proposes to deposit all street furniture franchise fees paid to the District into the Highway Trust Fund. Depositing the street furniture franchise fees will not increase or lessen the total amount of rights of way fees or motor fuel taxes that currently fund the Highway Trust Fund.

Financial Plan Impact

There will be no negative impact to the FY 2002 through FY 2004 budget and financial plan resulting from implementation of the proposed franchise agreement. The amount of the franchise fees from this Act deposited into the District of Columbia Highway Trust Fund will not be known until a franchisee is selected and a contract is signed.

In FY 2005, the current bus shelter franchise agreement will expire and bus shelters would be subsumed into the proposed street furniture franchise agreement. The current franchise agreement, which covers only bus shelters, deposits approximately \$1.5 million annually into the District of Columbia's local General Fund. When this bus shelter franchise agreement expires on October 4, 2004, bus shelters would be absorbed into the street furniture franchise agreement. At that point, all associated bus shelter franchise fees would be deposited into the Highway Trust Fund, along with the franchise fees generated by the other street furniture covered by the franchise agreement.